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December 19, 2011

VIA ELECTRONIC FILING

Jocelyn Boyd, Esquire
Chief Clerk and Administrator
South Carolina Public Service Commission
101 Executive Center Drive
Columbia, SC 29210

RE: Application of Utilities Services of South Carolina, Inc. for Approval of a Water Supply Agreement between Utilities Services of South Carolina, Inc. and York County

Dear Ms. Boyd:

Enclosed please find for filing the Application for Approval of Agreement Utilities Services of South Carolina, Inc. for approval of a water supply agreement between Utilities Services of South Carolina, Inc. and York County. By copy of this letter, I am serving the Office of Regulatory Staff.

If you have any questions or if I may provide you with any additional information, please do not hesitate to contact me.

Sincerely,

Elliott & Elliott, P.A.



Scott Elliott

SE/mlw

Enclosures

cc: Nanette S. Edwards, Esquire w/enc.

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2011-____-WS

IN RE: Application of Utilities Services of)
South Carolina, Inc. for Approval)
of A Water Supply Agreement)
between Utilities Services of South)
Carolina, Inc. and York County)

APPLICATION FOR
APPROVAL OF AGREEMENT

Utilities Services of South Carolina, Inc. (hereinafter referred to as the "Applicant"), hereby applies to the Public Service Commission of South Carolina (hereinafter referred to as the "Commission") for approval of a Water Supply Agreement by and between Utilities Services of South Carolina, Inc., a South Carolina corporation, and York County, a political subdivision of the State of South Carolina, (hereinafter referred to as "York County"). In support of this Application, the Applicant would respectfully show unto the Commission the following:

1. Applicant is a public utility currently authorized to operate water and wastewater systems under the jurisdiction of the Commission in York County, as well as certain other counties in this state. Its corporate charter is presently on file with the Commission and an appropriate bond has been posted with same. A schedule of rates and charges for Applicant's service has previously been authorized by the Commission Order 2008-269 issued April 25, 2008 in Docket No. 2007-286-W/S.

2. Applicant's representatives for purposes of this Application are:

a. Legal Representative:

Scott Elliott, Esquire
Elliott & Elliott, P.A.
1508 Lady Street
Columbia, SC 29201
(803) 771-0555
(803) 771-8010 (F)
selliott@elliottlaw.us

b. Company representative:

Patrick Flynn
Regional Director
Utilities, Inc.
200 Weathersfield Avenue
Altamonte Springs, FL 32714
(321) 972-0359

3. Applicant operates a potable water production, treatment, storage, transmission and distribution system (hereinafter referred to as "water system") and a sanitary wastewater collection, treatment and effluent disposable system (hereinafter referred to as "sewer system"), which are located in and serve various parts of the State of South Carolina.

4. Applicant provides water supply service to an area known as the Foxwood Subdivision in York County.

5. York County operates a water treatment and distribution system located in York County at or near the Foxwood Subdivision.

6. The Applicant and York County have negotiated an agreement whereby York County will provide potable water service to the Applicant at a point at or near the Foxwood Subdivision for distribution to the Applicant's customers. A copy of the Water Supply Agreement by and between Utilities Services of South Carolina, Inc. and York County is attached hereto as Exhibit "A." York County will provide potable water service to Applicant at the rate of \$4.33 per 1,000 gallons with a base charge of \$332.81.

7. Upon approval of the Water Supply Agreement, the Applicant will provide service to the affected subdivision pursuant to all of the terms, conditions, rates and charges set forth in its rate schedule as may be on file with this Commission and in effect from time to time.

8. The Applicant provides potable water service to the Foxwood subdivision in York County through wells which are owned by a third party unregulated by this Commission. The pumping equipment associated with these wells has proven to be unreliable and both the Applicant and its affected customers are concerned about the reliability of the existing water service to the Foxwood subdivision. The agreement by which York County provides potable water service to the Applicant for the benefit of the Foxwood subdivision will improve the Applicant's ability to provide reliable potable water service to the Foxwood subdivision.

Accordingly, Applicant submits that the public convenience and necessity will be served by the approval of this Agreement. Applicant further submits that no hearing in this matter is required. See S.C. Code Ann §58-5-240(G) However, the Applicant understands and is concerned that changing customers' source of water supply can generate questions and therefore a hearing may be needed so the Commission can hear from the customers.

9. In connection with the Water Supply Agreement, the Applicant has paid York County \$28,764.00 for engineering, permitting, construction and inspection of the Foxwood Subdivision potable water connection. While these costs are in the nature of connection fees

which may be charged to the Applicant's customers on a pro rata basis, without markup, the Applicant instead seeks an order of this Commission authorizing the Applicant to record these costs as utility plant in service additions, subject to review and audit by the Office of Regulatory Staff in the Company's next rate proceeding.

WHEREFORE, the Applicant respectfully requests that the Commission take the following action:

- A. To approve the Water Supply Agreement;
- B. To authorize the Applicant to record these costs as utility plant in service additions, subject to review and audit by the Office of Regulatory Staff in the Company's next rate proceeding; and
- C. For such other and further relief as this Commission deems just and proper.



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Columbia, SC 29201
(803)771-0555
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selliott@elliottlaw.us

Columbia, South Carolina

December 19, 2011

EXHIBIT A

WATER SUPPLY AGREEMENT

UTILITIES SERVICES OF SOUTH CAROLINA, INC. and YORK COUNTY, SOUTH CAROLINA

THIS AGREEMENT, made and entered into on this 21ST day of NOVEMBER, 2011, by and between Utilities Services of South Carolina, Inc., a South Carolina corporation, (hereinafter referred to as "Utility") and York County, a political subdivision of the State of South Carolina, (hereinafter referred to as "County").

WITNESSETH

WHEREAS, Utility is engaged in the business of furnishing water service to the public area located in York County, South Carolina, known as the Foxwood Subdivision (hereinafter referred to as the "Water Service Area" and more fully described as the area indicated on the attached map referenced as Exhibit 1; and

WHEREAS, the Utility desires to obtain, and the County desires to provide water supply service for the Utility's existing customers within the Water Service Area, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises which shall be deemed an integral part of this Agreement and of the mutual covenants as hereinafter set forth the parties hereto agree as follows:

SECTION 1

PURPOSE

It is the purpose and intent of this Agreement to provide for retail water service by Utility, utilizing the County's water supply, to existing homes and structures within the Water Service Area shown in Exhibit 1. All terms and conditions contained herein shall be read and interpreted in a manner consistent with and in furtherance of the purpose and intent.

SECTION 2

WATER SUPPLY SERVICE

1. The County shall provide wholesale water supply service to the Utility under the terms and conditions contained in this Agreement. Such service shall be provided through an extension of the County's water main and interconnection with the Utility's water distribution system. Utility agrees to design, permit and construct the extension of County's water main and make the required connection to Utility's distribution system infrastructure at its sole cost and expense. Utility shall install a County approved meter vault and meter at that location. Utility will extend its existing water line to connect to such meter. Utility shall be responsible for the protection of the County's water system through the installation of a Double Check Valve Backflow Preventer and protection of their customer's services through the installation of a Pressure Reducing Valve (if necessary). All Utility construction work shall meet all applicable regulatory standards. The County will deliver water service to Utility with adequate pressure and quantity at the point of connection to serve Utility customers in the Water Service Area.

2. The County shall use its best efforts to provide the necessary water supply capacity needed by Utility to service its customers within the Water Service Area. Notwithstanding any other provisions contained herein, the County shall not be liable for any damages as the result of the inability or failure to provide water services pursuant to the Agreement either on a temporary, emergency, or permanent basis. Further, the County will be obligated to provide Utility water which meets or exceeds all state and federal health guidelines and standards.

3. Utility and County agree that the following method for billing Utility for water sold to Utility by County (hereinafter referred to as the "Billing Method") is acceptable to both parties.

The Billing Method: Utility shall make monthly payments to County based on the water usage registered on all Utility customers' meters within the Water Service Area. The County's initial charge to Utility for the water so metered will be equal to the lowest County wholesale water rate authorized by the York County Council for similarly situated customers in

York County for service rendered by the County where the billing is based upon wholesale customer meter readings. York County's present wholesale water rate is reflected in the County's Ordinance No. 5206, adopted on December 18, 2006, and is incorporated herein by reference. It is understood by both parties that the County is reviewing the present rate established by the County in the County's Ordinance No. 5206.

4. In the event that payment is not made to County by Utility within 30 days after each monthly Utility customer billing, Utility agrees to pay interest to the County at the rate of one and one-half percent (1 ½%) per month on the outstanding delinquent amount to the County after such 30 day period until said delinquent balance is paid in full.

5. In addition to the monthly water service usage rate, Utility agrees that any future customer within the Water Service Area whose lot is not contiguous to a water main which has been installed as of the date of this Agreement may be required to pay to the County a Water Impact Fee per the County's Ordinance Number 5206, passed on 12-18-06. The County agrees that there will be no County Water Impact Fee assessed to Utility's customers taking service from Utility the day County water service is initiated. The County also agrees that all lots within the Water Service Area on the day the County initiates water service to the Water Service Area, will be allowed to receive service without having to pay a County Impact or Tap Fee. Exhibit 2, attached hereto contains a description of all Utility owned water mains installed as of the date of this agreement.

6. Utility hereby agrees to collect County Water Impact Fees on behalf of the County as specified in Section 2, paragraph 5, herein, and shall remit the fees so collected to the County on a monthly basis. Utility will also collect its Commission-approved water connection fee from all new connections in the Water Service Area. Utility agrees that it will not connect any customer within the Utility's Water Service Area without first determining that such customer has paid (if appropriate) the County Water Impact Fee, in accordance with the terms of this Agreement.

SECTION 3

COMMISSION AUTHORIZATIONS

1. The parties acknowledge that this Agreement, the Billing Method, Utility's right to charge Utility's customers the initial County wholesale rate, and the Utility Water Distribution Charge, must be approved the South Carolina Public Service Commission (the "Commission").

2. Utility and County acknowledge that Utility will apply to the Commission for approval of the Water Distribution Charge; approval to charge Utility customers the County's initial wholesale Water Supply Charge, described herein; authorization to place such County charge on Utility customer's water bills as a separate line item; and the Commission determination that any future changes by County of County Water Supply Charge not be subject to Commission approval. It is understood and agreed by both parties to the Agreement that should the Commission fail to approve the items contained herein-above this Agreement may be immediately terminated by Utility and then neither party shall have any further obligation hereunder.

SECTION 4

EXCLUSIVE SUPPLY COMMITMENT AND EXCLUSIVE WATER SERVICE COMMITMENT

During the term of this Agreement, as long as County is able to meet Utility's water needs, Utility agrees to not utilize alternative water supply sources, including the Utility's existing water supply facilities, to service its customers within the Water Service Area. However, Utility may retain its existing supply facilities as a back up to be used in the event that the County cannot provide the necessary and sufficient water supply capacity to meet the service demand requirements of the Water Service Area. The County agrees not to provide water supply or service to any other entity or industry within the Water Service Area.

SECTION 5

GENERAL PROVISIONS

1. This Agreement shall be executed in two counterparts, each of which will be considered an original. This Agreement is binding upon the successors and assignees of the parties hereto. The provisions of this Agreement constitute the entire terms and provisions of this Agreement between the parties hereto, and no amendment or alteration shall be binding unless the party affected thereby shall have executed a written instrument amending the Agreement. Whenever one party gives notice to the other party concerning any of the provisions of this Agreement, such notice shall be given by certified mail, return receipt required. Said notice shall be deemed given when it is deposited in the United States mail with sufficient postage prepaid (notwithstanding that the return receipt is not subsequently received).

Notices shall be addressed as follows:

YORK COUNTY

York County Manager

P.O. Box 66

York, S.C. 29745

UTILITIES SERVICES OF SOUTH CAROLINA, INC.

2335 Sanders Road

Northbrook, IL. 60062

Attn: Mrs. Lisa Sparrow

President and C.E.O.

These addresses may be changed by giving notice as provided for in this paragraph.

2. No waiver of breach of any of the terms of this Agreement shall be construed to be a waiver of any succeeding breach.

3. Utility hereby indemnifies County from any liability arising out of the distribution and sale of the County supplied water through Utility's mains throughout the Water Service Area, provided that County furnishes potable water to the Utility, which meets all regulatory standards.

SECTION 6

DEFAULT

If either party materially fails or defaults in keeping, performing, or abiding by the terms and provisions of this Agreement, then the non-defaulting party shall give written notice to the defaulting party specifying the nature of the default. If the defaulting party does not cure the default within thirty (30) days after the date of written notice, then this Agreement, at the option of the non-defaulting party, shall terminate. Neither party shall be relieved of liability to the other for the damages sustained by virtue of any party wrongfully exercising this provision. This paragraph is not intended to replace any other legal or equitable remedies available to any non-defaulting party under South Carolina law, but it is in addition thereto. Notwithstanding the foregoing, any failure to make timely payments shall be considered a material default under these terms of this Agreement without the necessity for any written notice to Utility.

SECTION 7

TERM

This Agreement shall have a term of twenty (20) years commencing on the date of execution of this Agreement. This Agreement may thereafter be renewed for an additional period of ten (10) years if either party notifies the other party in writing of its desire to renew the Agreement at least six (6) months prior to expiration of the initial period, and other party does not object to such renewal in writing at least three (3) months prior to the expiration of the initial period." This Agreement shall not be considered an obligation on the part of the County to perform in any way other than as indicated in this Agreement. The County shall not be obligated under the terms of this Agreement to supply additional water for Utility to areas outside the

Water Service Area, unless the County issues written notification that it does not object to such additional service.

SECTION 8

FORCE MAJEURE

1. If, by reason of force majeure, either party hereto shall be rendered unable, in whole or in part, to carry out its obligations under this Agreement, then, and in that event, said party shall give notice in writing, to the other party, within a reasonable time thereafter, giving the full particulars of such force majeure.

The obligations of the party so affected shall thereupon be suspended and suspension shall continue during the period in which such inability continues; provided, however, that the disabled party shall endeavor with all reasonable dispatch, to remove or overcome such inability. Provided further, however, that this Section 8 shall not apply to failures by County or Utility to make payments or credits for services rendered as specified under Section 2 entitled "Water Supply Service".

2. The term "force majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of Commission and courts of this State, orders of any kind of the government of the United States of the State Carolina, or any military authority, insurrection, riots, epidemics, landslides, earthquakes, fires, storms, hurricanes, floods, wash-outs, droughts, arrests and restraints of government and people, civil disturbances, explosions, breakage or damage to machinery, canals, tunnels, or pipelines, partial or entire failure of water system, and inability of County to furnish water hereunder or Utility to receive water hereunder for any reason or cause not reasonably within the control of the party claiming such inability.

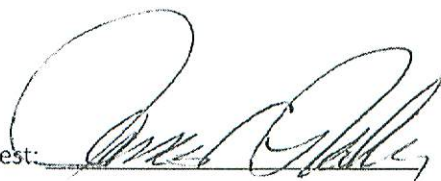
SECTION 9

MISCELLANEOUS PROVISIONS

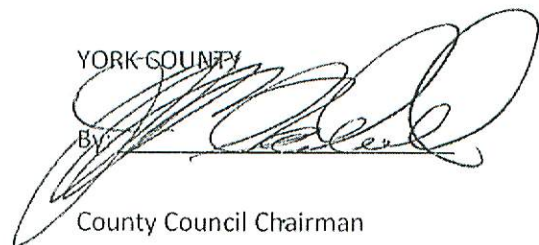
1. The parties hereto agree that from and after the date of execution hereof, each will, upon the request of the other, execute and deliver such other documents and instruments and take other actions as may be reasonably required to carry out the intent of this Agreement.

2. This Agreement shall be binding upon the heirs, representatives and assigns of the parties hereto and the provisions hereof shall constitute covenants running with the land for the benefit of the heirs, representatives and assigns of the party.


IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the date first above written.

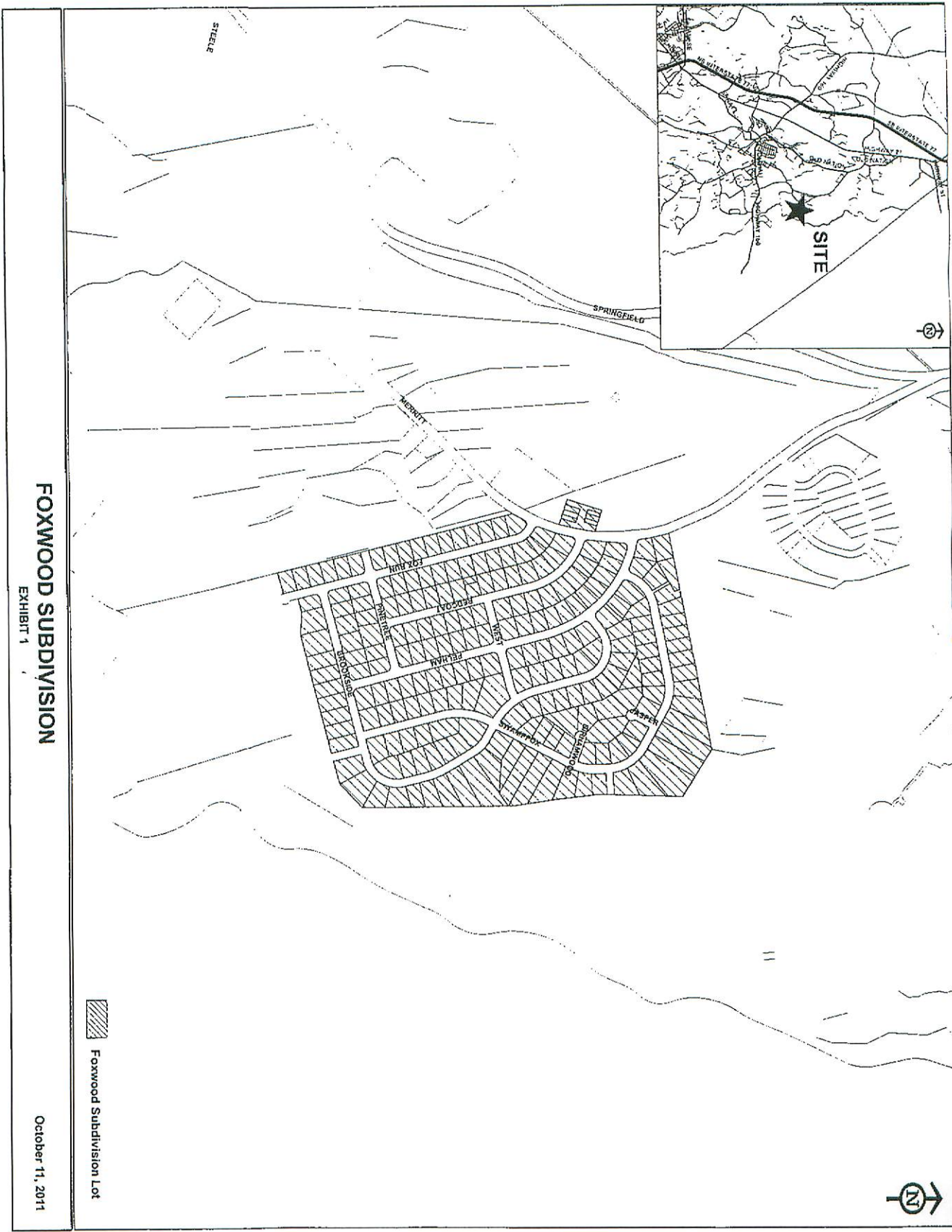
Attest: 

James E. Baker
County Manager

YORK-COUNTY
By: 
County Council Chairman

Attest: 

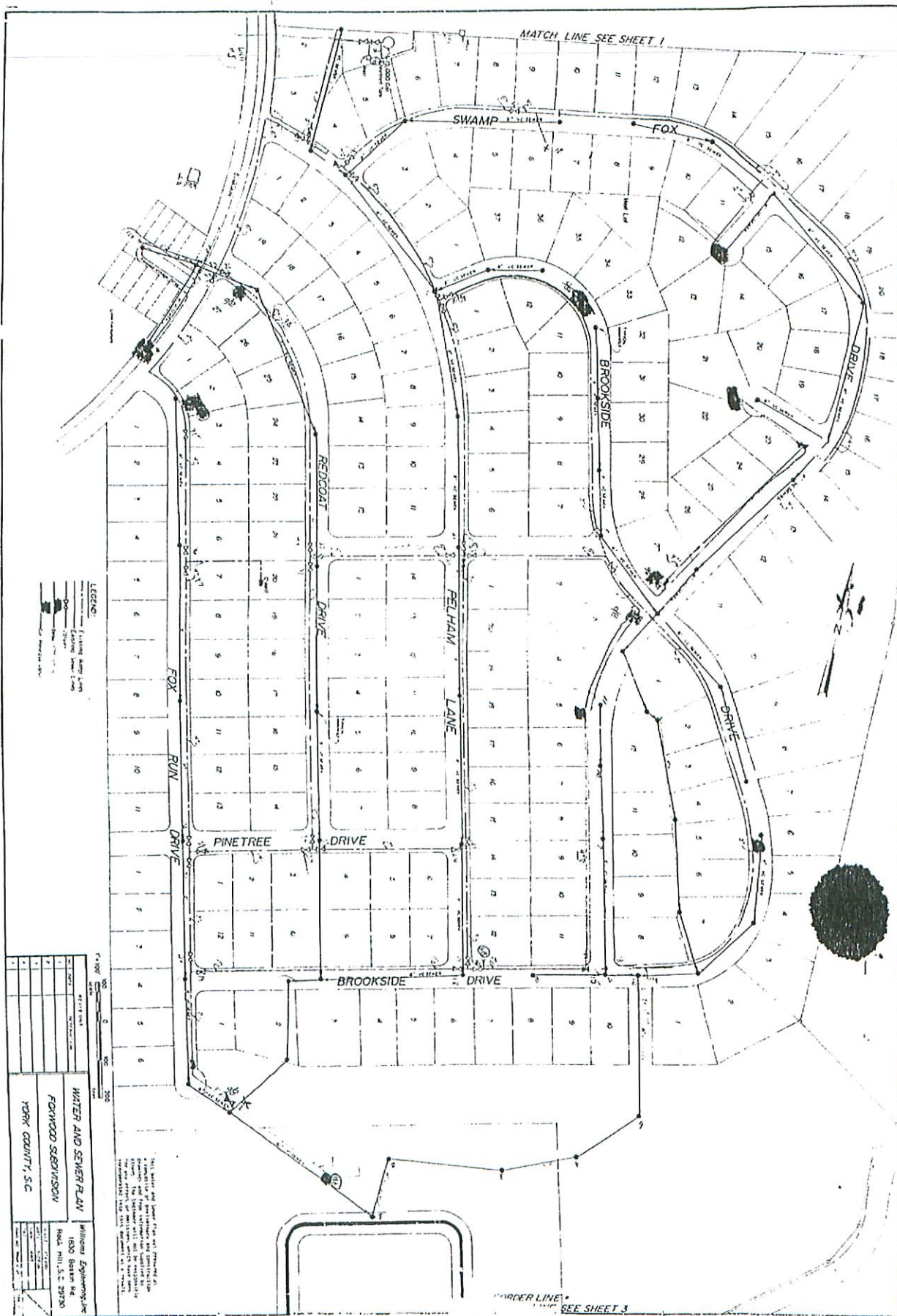
Utilities Services of South Carolina, Inc.
By: 



FOXWOOD SUBDIVISION
EXHIBIT 1

October 11, 2011

 Foxwood Subdivision Lot



CERTIFICATE OF SERVICE

The undersigned employee of Elliott & Elliott, P.A. does hereby certify that she has served below listed parties with a copy of the pleading(s) indicated below by mailing a copy of same to them in the United States mail, by regular mail, with sufficient postage affixed thereto and return address clearly marked on the date indicated below:

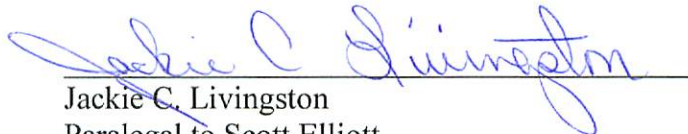
RE: Application of Utilities Services of South Carolina, Inc. for
Approval of a Water Supply Agreement between Utilities Services
of South Carolina, Inc. and York County

DOCKET NO.

PARTIES SERVED: Nanette S. Edwards, Esquire
Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, SC 29211

PLEADING: APPLICATION FOR APPROVAL OF AGREEMENT

December 19, 2011



Jackie C. Livingston
Paralegal to Scott Elliott